

**BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

July 16, 2024

The Board of Trustees for the Maryland State Retirement and Pension System convened, via video/audio conference call at 120 E. Baltimore Street, 16th Floor, Baltimore, Maryland, beginning at 9:31 a.m.

The Trustees present included:

Comptroller Brooke Lierman, Vice Chair	Richard Norman
Jamaal Craddock	Mia Pittman
James Daly	Tarrus Richardson
Ayana English-Brown	Michelle RhodesBrown
Secretary Helene Grady	Robert Sandlass
Sheila Hill	Jon Martin (designee for Treasurer Dereck Davis)
Charles Hopkins	

Agency Staff members present included: Martin Noven, Executive Director/Secretary of the Board	
Melody Countess	Katherine Morris
Linda Daley	Megan Myers
Cheryl Davis-Shaw	Kim O'Keefe
Anne Gawthrop	Andy Palmer
Derrick Johnson	Ben Robb
Lisa Jordan	David Rongione
Courtney Key	Toni Voglino

Assistant Attorneys General present included: Rachel Cohen, Alex Harisiadis, and Emily Spiering

Other attendees included: Megan Schutz (Treasurer's Office); Dani DiPietro (Comptroller's Office); Brad Armstrong, Brian Murphy, Jeff Tebeau, and Amy Williams (GRS); Phillip Anthony, Tyler Babich, and Joe Gutberlet (DLS); Michelle Chow-Tai(Fairview Capital); Cyril Espanol (With Intelligence); Michael Howard (MJH Group);

Call Meeting to Order:

Having established a quorum, Comptroller Lierman called the meeting to order at 9:31 a.m.

Consent Agenda:

On a motion made by Ms. English-Brown and seconded by Mr. Sandlass, the Board approved the Board meeting minutes for June 18, 2024.

Gabriel, Roeder, Smith, and Company Presentation:

GRS continued the presentation of the experience study, discussing the proposed assumptions and how they would affect contribution rates and liabilities. With respect to the economic assumptions, GRS recommended maintaining the current investment return assumption of 6.80% With respect to price inflation, GRS recommended that the Board adopt an assumption within the range of 2.25% and 2.50%. With respect to wage inflation, GRS recommended that the Board adopt an assumption within the range of 2.75% and 3.25%.

On a motion made by Mr. Daly and seconded by Mr. Sandlass, the Board adopted the economic and demographic assumptions recommend by GRS, and specifically voted to adopt the following assumptions with respect to wage inflation and price inflation: 3.00% wage inflation and 2.50% price inflation.

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Recommendation of the Investment Committee regarding the Optional Retirement Program (ORP):

Comptroller Lierman summarized the Investment Committee's discussion about the ORP. Financial Integrity Resources Management LOC presented proposed changes to the ORP. Committee Members raised questions about the screening and selection process for managers. The committee decided to separate decisions, focusing only on extending record-keeping contracts and reducing fees, deferring changes to manager and fund offerings.

On a motion made by Comptroller Lierman, Chair of the Investment Committee and seconded by the Investment Committee, the Board approved extending the recordkeeping contract and reducing the recordkeeping fee for the Optional Retirement Program.

Recommendation of the Investment Committee regarding the Incentive Risk Metric:

The Committee recommended to postpone the adoption of the risk metric until a compensation consultation is secured and to reallocate 25% to the Total Fund Benchmark.

On a motion made by Comptroller Lierman and seconded by the Investment Committee, the Board adopted the recommendation of the Investment Committee.

Recommendation of the Investment Committee regarding the Criteria for the Chief Investment Officer's Evaluation:

On a motion made by Comptroller Lierman, Chair of the Investment Committee, and seconded by the Committee, the Board approved the Criteria for the Chief Investment Officer's Evaluation, as presented.

Appointment of the Committee Members:

As mandated by the Board Operations Policy, the Board of Trustees must appoint members and officers for a term of one year. The Board was provided with a list of committee members recommended by the Chair in consultation with the Vice Chair.

On a motion made by Mr. Prouty and seconded by Ms. English-Brown, the Board approved the recommendations.

Chief Investment Officer's Report:

Andy Palmer, Chief Investment Officer, reported on the initiatives that will come before the Board. He remarked that the Investment staff is working with the Comptroller's Office to institutionalize some of the programs in the Investment Policy. Staff is currently working on memorializing the Terra Maria program to create more clarity and transparency.

He also reported that Investment staff is also working to post an RFI in the upcoming weeks on a landscape analysis for evaluating the Maryland economy. The purpose is to evaluate the feasibility of creating an institutional investment program that aligns with the System's long-term return objectives and potentially benefits the state.

Mr. Palmer reported on the progress that has been made in response to the mandates of Maryland House Bill 740. The Board should anticipate a recommendation regarding the Climate Panel and an annual risk

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report that focuses more on climate. The report is expected to be presented in November. Mr. Palmer asked for feedback from the Board about the report which is in the early stages of drafting to ensure suggestions are incorporated in the first draft.

Mr. Palmer reported the Investment Committee calendar is being revised to accommodate the various initiatives that are in the works and the Committee will be moving to a monthly meeting format for at least the next few meetings. The Board will be informed once the meeting dates have been established. He also mentioned that to capture financial statements that come in after month's end, the books remain open for a few additional weeks. He explained that this practice ensures the annual report has as much up-to-date information as possible. He anticipates the system will meet the 6.8% return objective.

Comptroller Lierman inquired about the RFP for the search committee to fill the corporate governance position mandated by House Bill 1031 and if consideration has been made to post job postings. Mr. Palmer reported that he has been networking to find potential candidates and will make job postings if this method is unsuccessful.

Mr. Noven reported that the Agency is working to identify the resources required to fill the DEI position.

Executive Director's Report:

Martin Noven, Executive Director, reported that a revised copy of the GRS presentation is available in the Supplemental Materials section of the Director's Desk. He also mentioned that a work plan to engage an actuarial auditor is available for review. Referencing remarks made in the Investment Committee meeting, Mr. Noven stated that the staff is working to revise the Board and Committee agendas. The staff is open to supporting this endeavor as the Board sees fit. He concluded by explaining that staff will send out invitations for all future Board and committee meetings to ensure that trustees are aware of all of the scheduled meetings.

On a motion made by Ms. English-Brown and seconded by Mr. Daly, the Board voted to meet in a Closed Session, beginning at 10:44 a.m. via a video/audio conference call, for the purposes of:

- (a) reviewing the closed session Board Minutes, in order to comply with the requirement that closed session minutes be sealed and not open to public inspection, pursuant to General Provisions Art., § 3-103(a)(1), the exercise of an administrative function; and General Provisions Art., § 3-305(b)(13), to comply with a specific statutory constitutional, statutory, or judicially imposed requirement that prevents public disclosure about a particular proceeding or matter namely, General Provisions Art., § 3-306(c)(3)(ii), requiring that the minutes of a closed session be sealed and not be open to public inspection;
- (b) reviewing the Medical Board Reports regarding individual participants' claims for disability retirement benefits, in order to prevent public disclosure of confidential retirement records and medical information, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific statutory constitutional, statutory, or judicially imposed requirement that prevents public disclosure about a particular proceeding or matter namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records, and General Provisions Art., § 4-329 regarding the prohibition on disclosing medical and psychological information;

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(c)receiving a litigation update from Board counsel, in order to protect confidential attorney-client communications and maintain confidentiality regarding pending or potential litigation, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice, and General Provisions Art., § 3-305(b)(8), to consult with staff, consultants, or other individuals about pending or potential litigation.

Closed Session

The Trustees present included:

Comptroller Brooke Lierman, Vice Chair	Richard Norman
Jamaal Craddock	Mia Pittman
James Daly	Tarrus Richardson
Ayana English-Brown	Michelle RhodesBrown
Secretary Helene Grady	Robert Sandlass
Sheila Hill	Jon Martin (designee for Treasurer Dereck Davis)
Charles Hopkins	

Agency Staff members present included: Martin Noven, Executive Director/ Secretary of the Board	
Melody Countess	Megan Myers
Cheryl Davis-Shaw	Kim O'Keeffe
Anne Gawthrop	Andy Palmer
Derrick Johnson	David Rongione
Courtney Key	

Assistant Attorneys General present included: Rachel Cohen, Alex Harisiadis, and Emily Spiering

On a motion made by Mr. Prouty and seconded by Ms. English-Brown, the Board returned to open session beginning at 10:54 a.m., via a video/audio conference call.

Open Session

The Trustees present included:

Comptroller Brooke Lierman, Vice Chair	Richard Norman
Jamaal Craddock	Mia Pittman
James Daly	Tarrus Richardson
Ayana English-Brown	Michelle RhodesBrown
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Agency Staff members present included: Martin Noven, Executive Director/Secretary of the Board	
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David Rongione

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Other attendees included: Megan Schutz (Treasurer's Office); Dani DiPietro (Comptroller's Office); Phillip Anthony, Tyler Babich, and Joe Gutberlet (DLS); Michelle Chow-Tai (Fairview Capital); Cyril Espanol (With Intelligence); Michael Howard (MJH Group).

Call for Agenda Items:

Comptroller Lierman reminded Trustees that the Board education sessions are coming up at the end of the year, confirming the Oct 15. Mr. Palmer solicited topics from the Board. There was some discussion about having the education session in-person.

Mr. Richardson inquired about an update about the Terra Maria program and the in-state focus slated for September's meeting. Staff will provide information to Trustees for feedback before the September meeting.

During closed session, the Board of Trustees discussed the matters identified in the motion to meet in closed session, and acted on the following matters:

Closed Session Minutes:

The Board approved the closed session minutes for the meeting held on June 18, 2024.

Medical Board Reports:

The Board adopted the medical board reports for the following dates:

- June 20, 2024
- June 27, 2024
- July 3, 2024
- July 11, 2024

Adjournment:

There being no further business before the Board, on a motion made by Ms. English-Brown and seconded by Mr. Prouty, the meeting adjourned at 11:00 a.m.

Respectfully submitted,



Martin Noven
Secretary of the Board